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TREASURY

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August 30, 1963

MEMORANDUM TO Cabinet Committee on Balance of Payments
Secretary of Defense
Secretary of Commerce
Under Secretary of State
Administrator of AID
Special Representative for Trade Negotiations
Director, Bureau of the Budget
Chairman, Council of Economic Advisers
Mr. McGeorge Bundy, The White House

Attached for your information is the Bureau of the
Budget's third quarterly report on International Trans-
actions of the Federal Government, dated August 26, 1963,
as submitted to the President.

Merlyn N. Trued
Merlyn N. Trued

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

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AUG 26 1963

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MEMORANDUM FOR THE PRESIDENT

Subject: International transactions of the Federal Government,
fiscal years 1962 to 1965

This report presents the current outlook for Federal receipts and expenditures affecting the balance of payments. It presents for the first time estimates of fiscal 1965 overseas transactions, summarizes agency gold budget reports for the last two quarters, and indicates the status of the issues that have come up during the reviews of these reports.

Summary.

As a result of the first year's operation of the gold budget procedure, it is now possible to examine the Government's international transactions over a 4-year time span.

SUMMARY: INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

(Fiscal years. In millions)

	1962 <u>actual</u>	1963 <u>estimate</u>	1964 <u>estimate</u>	1965 <u>estimate</u>
<u>Payments</u>				
Department of Defense.....	\$2,649	\$2,733	\$2,662	\$2,484
Agency for International Development.....	800	669	510	410
Other.....	<u>1,369</u>	<u>1,641</u>	<u>1,476</u>	<u>1,452</u>
Total.....	<u>4,818</u>	<u>5,043</u>	<u>4,648</u>	<u>4,346</u>
<u>Receipts</u>				
Department of Defense.....	899	1,275	1,000	1,000
Export-Import Bank.....	655	749	863	942
Treasury Department.....	347	1,099	810	782
Other.....	<u>387</u>	<u>744</u>	<u>375</u>	<u>420</u>
Subtotal.....	2,288	3,867	3,048	3,144
Less: Special transactions 1/...	274	1,805	980	2,750
Total.....	<u>2,014</u>	<u>2,062</u>	<u>2,068</u>	<u>2,394</u>
<u>Excess of payments (-)</u>				
Including special transactions...	-2,530	-1,176	-1,600	-1,201
Excluding special transactions...	-2,804	-2,981	-2,580	-1,951

1/ Special transactions include Treasury sales of medium-term, nonmarketable securities, advances on military exports, and loan prepayments.

2/ Since receipts from special transactions are difficult to predict, this figure should be considered a rough estimate of general magnitude.

These estimates reflect the reduced levels of AID and Defense expenditures outlined in your special July 18 Balance of Payments Message. They do not include the savings from the Administration's proposal (currently before Congress) to release reserved, U. S.-owned foreign currencies.^{1/} If adopted, this proposal would result in one-time savings totaling \$40 million for fiscal years 1964 and 1965 combined.

If the 1965 estimates are realized, the net balance of payments outflow from Federal transactions--excluding special receipts--will have been reduced by almost \$1.0 billion from 1963, and \$600 million from 1964. Roughly 70 percent of the reduction between 1963 and 1965 would, according to current estimates, result from decreased payments, with the remainder resulting from increased regular receipts. Between 1964 and 1965, the estimates for decreased payments and increased receipts contribute about equally to the overall decline in net balance of payments outflow.

During the last quarter, the Bureau of the Budget has called the attention of a number of agency heads to the need for top level consideration of the Government's receipts and payments entering the balance of payments. The Budget Bureau also conducted a special review of offices and missions abroad, and took up with agencies a number of specific questions arising from their gold budget submissions. Where it appeared that savings could be made, the agencies were requested to make appropriate changes in their estimates.

In general, the latest gold budget submissions show considerable improvement over earlier ones, both with respect to the accuracy and completeness of the reporting and control systems, and with respect to agency efforts to reduce balance of payments costs.

Budget Bureau review of agency estimates.

Careful review by the Bureau of the Budget of gold budget submissions resulted in a number of reductions of agency target figures for fiscal year 1964 and estimates for 1965.

The changes in Defense and AID figures--by far the largest--were largely necessary to make these agencies' figures consistent with their commitments to the Cabinet Committee on the Balance of Payments and your July 18 Balance of Payments Message.

Other reductions primarily reflected cutbacks in foreign operations resulting from the Bureau of the Budget's review of offices and missions abroad, and the sharp reductions of foreign research grants.

^{1/} The reserved currency availability has not been included because the gold budget accounting system is not currently designed to show changes in foreign currency balances. A possible change in gold budget accounting which would reflect changes in foreign currency availabilities is being considered, however.

CHANGES IN AGENCY GOLD BUDGET SUBMISSIONS

(In millions)

	<u>Fiscal year 1964 target</u>			<u>Fiscal year 1965 estimate</u>		
	<u>Agency submis- sions</u>	<u>Change</u>	<u>Final target</u>	<u>Agency submis- sions</u>	<u>Change</u>	<u>Final estimate</u>
<u>Payments</u>						
AID and Defense 1/..	\$3,278	-\$105	\$3,173	\$3,215	-\$321	\$2,894
Other changes 2/....	1,289	-93	1,196	1,279	-61	1,218
Unchanged.....	280	-	280	234	-	234
Total.....	<u>4,846</u>	<u>-198</u>	<u>4,648</u>	<u>4,728</u>	<u>-382</u>	<u>4,346</u>
<u>Receipts</u>						
Export-Import Bank..	832	+31	863	722	+220	942
Other agencies (not changed).....	<u>2,185</u>	<u>-</u>	<u>2,185</u>	<u>2,202</u>	<u>-</u>	<u>2,202</u>
Total.....	<u>3,017</u>	<u>+31</u>	<u>3,048</u>	<u>2,924</u>	<u>+220</u>	<u>3,144</u>
<u>Excess of payments (-)</u>	<u>-1,829</u>	<u>+229</u>	<u>-1,600</u>	<u>-1,803</u>	<u>+602</u>	<u>-1,201</u>

- 1/ Changes for AID and Defense were made primarily to reflect their goals as outlined in the President's July 18 Balance of Payments Message, which had not been taken into account in their original submissions.
- 2/ Of which \$15 million in 1964 and \$17 million in 1965 were the result of reclassifying the Trust Territories of the Pacific as U. S. rather than foreign areas for gold budget purposes.

Increased receipts for the Export-Import Bank were based on changes in the Bank's budgetary outlook that took place after the submission of its June gold budget statement.

Current issues.

The following projects or investigations are either well underway or have been completed:

1. Offices and missions abroad: civilian agencies.---All civilian agencies with offices and missions abroad have submitted detailed justifications of these installations to the Bureau of the Budget along with suggested cutbacks where possible. So far, the Budget Bureau review of agency materials has resulted in the following:

(1) The Department of State has announced that it will close 13 posts and reduce strength in three others. It is also making plans to relocate a number of functions in excess currency countries. Such measures may reduce payments abroad by \$1 million.

(2) USIA has proposed to close or withdraw support from nine offices abroad and make other staff reductions with a balance of payments savings

of \$373 thousand. The Budget Bureau has asked the agency to consider further measures which would result in additional savings of \$570 thousand.

(3) NASA is studying the feasibility of reducing the number of tracking stations abroad. Resulting savings could amount to \$1.2 million in fiscal year 1964 and \$2.2 million in 1965. (Approximately one-third of this amount would show up directly in the gold budget. The balance would involve payments by U. S. contractors abroad and therefore would be reflected in the private sector of the balance of payments.)

(4) The National Science Foundation, the Department of Commerce, the Department of Health, Education, and Welfare, the Atomic Energy Commission, and the Veterans Administration have been asked to consider cutbacks in, or elimination of current or expected small overseas posts. The Treasury Department has also been asked to cancel plans to open an office of the Secret Service in Latin America in 1965.

(5) It is now expected that customs pre-inspection stations in Bermuda and Nassau (which involve Treasury, Justice, and Agriculture personnel) will be eliminated.

More specific results are expected as the Budget Bureau and the agencies pursue questions that have come up during the initial review.

2. Review of military attache and MAAG functions abroad.--As part of its review of overseas offices and missions, the Budget Bureau studied the current needs for personnel assigned to military attache and military assistance advisory functions overseas. It appears that the military attache structure overseas can be modernized to reflect current needs for this kind of overseas military representation. The Budget Bureau has suggested to the Department of Defense numerous specific areas in which personnel reductions should be considered. The Bureau has also asked the Defense Department to consider reductions in MAAG personnel, in addition to those already contemplated by the Department.

Balance of payments savings from the implementation of the Budget Bureau suggestions on both military attaches and MAAGs could amount to \$10 million annually.

3. Peace Corps local support.--The Peace Corps is investigating steps to secure host country support of local currency costs of its programs abroad. In some cases, it may be feasible for such countries to use their portion of foreign currencies generated under the P. L. 480 surplus agricultural disposal programs to provide such support.

4. Agriculture programs.--The Department of Agriculture has prepared a detailed paper exploring a number of ways to achieve balance of payments

savings through the use of agricultural surplus programs. Since these programs involve several agencies other than the Department of Agriculture, the Cabinet Committee on the Balance of Payments is expected to review the paper and work out with the Department an appropriate specific program.

5. Payment of pensions in excess currencies.--The Treasury is currently establishing a system to use excess foreign currencies for benefit payments for veterans life insurance, civil service retirement, and social security. Such payments will replace those currently made in dollars to recipients living in six of the eight excess currency countries--Poland and Yugoslavia will be excluded. At present, Poland and Yugoslavia account for about \$5 million of the total of \$6 million of pension and similar payments in excess currency countries. However, the State Department has requested that dollar payments be continued in these two countries because of the current political difficulties involving the most favored nation trade treatment of them. The Department anticipates an adverse reaction from the governments of Poland and Yugoslavia to the use of foreign currencies for pensions since the balance of payments savings we would achieve would produce a corresponding balance of payments loss for the countries involved. The Department expects to be able to reconsider the question in a few months.

6. Research grants abroad.--The Bureau has arranged to have agencies making grants for research abroad cut back such programs as rapidly as possible and encourage the support of the programs by the countries involved. The primary agencies making research grants overseas are the National Science Foundation and the National Institutes of health. Small amounts of foreign research are also supported by the Defense Department and NASA. Savings of \$8 million are estimated for fiscal year 1964 with larger amounts (\$10 to \$14 million) estimated for future years.

7. Use of reserved foreign currencies.--The Administration's request to allow freer use of U. S.-owned foreign currencies reserved for specific programs is currently before Congress. If approved, this proposal will allow such currencies, which would otherwise be held for periods up to five years, to be used to meet current needs. As a result, payment of dollars to purchase an equivalent amount of currencies will be postponed. If approved, this measure will produce a one-time balance of payments savings of approximately \$40 million.

8. "Letter of credit" for the Inter-American Development Bank.--The management of the Inter-American Development Bank will shortly present for Board approval a proposal to use a "letter of credit" system to insure that future commitments made by the Social Progress Trust Fund will be tied to procurement in the United States.

The remaining projects or investigations, listed below, are being given active consideration, but their outcome is uncertain:

1. Renegotiation of untied AID loans.--AID has been asked to scrutinize untied loans made by the Development Loan Fund which still carry undisbursed balances. AID is investigating the possibility of renegotiating such loans to tie them to procurement in the United States in those cases where they would otherwise finance substantial amounts of offshore procurement.

2. Travel of U. S.-based Government officials.--The Budget Bureau is currently exploring the need and techniques for a full scale review of overseas travel by Federal Government personnel based in the United States. If preliminary findings warrant, a full scale review of such travel will be conducted.

3. Foreign buildings.--The Congress has authorized a \$13 million overseas building program for the State Department, and it now appears that the Department's fiscal year 1964 appropriations may include the necessary funds. In the event such appropriations are approved by Congress, the Budget Bureau is requesting the Department to consider measures such as lease-purchase arrangements to minimize the short-term balance of payments effects of its building program.

4. Validity of overseas pension claims.--The Budget Bureau has asked the appropriate agencies to insure that all U. S. pension and similar periodic payments overseas are valid. A spot check of OASI recipients in Greece revealed that a considerable number of unjustified benefit payments were being made. The Veterans Administration and the Department of Health, Education, and Welfare have been asked to coordinate efforts with the State Department to strengthen the existing checks against payments of unjustified claims.

5. AEC programs.--The Atomic Energy Commission has been asked to look into the possibilities for expanding its receipts from sales of atomic products abroad. It has also been asked to rely, to the extent possible, on outright sales, rather than on long-term lease or other arrangements which would delay the full balance of payments benefits accruing from its sales.

The AEC has also been asked to consider reducing the size of the Atomic Bomb Casualty Commission's program in Japan. The Commission directs and supports research on the aftereffects of the atomic blasts there.

6. Uranium procurement.--Interagency consultation is underway re-viewing the possibility of renegotiating the existing contract for procurement of uranium concentrates from South Africa. Various alternatives are being considered--directed toward possible deferral, revision or cancellation to achieve balance of payments savings.

Summary by agency.

The following table shows current gold budget estimates for those agencies which account for the bulk of the Federal Government's international transactions:

MAJOR INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT--
BY AGENCY, FISCAL YEARS 1963-1965

(In millions)

	<u>1963</u>	<u>1964</u>	<u>Change from previous year</u>	<u>1965</u>	<u>Change from previous year</u>
<u>Payments</u>					
Department of Defense.....	\$2,733	\$2,662	-\$71	\$2,484	-\$178
Agency for International Development.....	669	511	-157	410	-101
Treasury Department.....	570	533	-37	584	+51
Department of State.....	455	367	-88	330	-37
Atomic Energy Commission.....	244	140	-104	93	-47
Department of Health, Education, and Welfare.....	126	129	+3	142	+13
Veterans Administration.....	69	69	-	69	-
Other.....	178	237	+59	233	-4
Total.....	<u>5,043</u>	<u>4,648</u>	<u>-395</u>	<u>4,345</u>	<u>-303</u>
<u>Receipts</u>					
Department of Defense.....	1,275	1,000	-275	1,000	-
Treasury Department.....	1,099	810	-289	782	-28
Export-Import Bank.....	749	863	+114	942	+79
Agency for International Development.....	535	160	-375	190	+30
Department of Agriculture....	87	81	-6	90	+9
Other.....	122	134	+12	140	+6
Total.....	<u>3,867</u>	<u>3,048</u>	<u>-819</u>	<u>3,144</u>	<u>+96</u>
<u>Special transactions (included in receipts)</u>					
Sales of medium-term, non- marketable securities.....	787	500	-287	750	-230
Advances on military exports.	364	250	-114		
Nonscheduled receipts on loans.....	654	230	-424		
Total.....	<u>1,805</u>	<u>980</u>	<u>-825</u>	<u>750</u>	<u>-230</u>

All of the agencies listed anticipate declining payments from fiscal year 1963 through 1965 except Treasury and HEW (the latter being uncontrollable social security payments). The Treasury increase in 1965 is accounted for largely by transactions with the Inter-American Development Bank and the International Development Association. Most of the increase is expected to take the form of cash contributions to the IDB. Some encashments of non-interest-bearing notes that have formed part of past contributions to both the IDB and the IDA are also estimated. (Contributions in the form of notes are not included in the gold budget until they are cashed.)

The increase in "other" payments in 1964 is primarily due to projected payments by the Foreign Claims Settlement Commission for settlement of Philippine war damage claims as recently authorized by the Congress.

The sharp drop in payments in 1964 (over 40 percent) and 1965 of the Atomic Energy Commission is the result of expected reductions in procurement of uranium concentrates abroad under existing procurement schedules.

All of the agencies with substantial receipts, with the exception of the Export-Import Bank, expect them to decline in 1964. These changes can be explained for the most part by special transactions, which decline, in total, slightly more than total receipts. AID received prepayments from Italy and Germany on loans totaling \$389 million in 1963 which will not occur in later years. The Export-Import Bank, on the other hand, anticipates considerably increased loan prepayments. Treasury anticipates a sharp drop in receipts from the recently introduced medium-term borrowings which equals the expected drop in total receipts. Similarly, \$114 million of the drop in Department of Defense receipts is because of the nonrecurring nature of advances on military exports. These advances for 1963 include \$230 million resulting from the use of a "blocked account" to finance military exports to Germany. (The total amount involved in the blocked account was \$460 million, half of which fell in fiscal year 1962.)

Special transactions cannot be estimated with confidence for 1965. The amount included--\$750 million--(undistributed by type of transaction) should be considered only as an indication of general magnitude.

Geographical distribution.

While payments to western Europe and to the other countries of the world are expected to decline, the rate of decline is considerably greater for the non-European countries.

Payments to Western Europe are now estimated to drop by 9 percent between fiscal years 1963 and 1965. The corresponding figure for the rest of the world is 20 percent. To put it another way, Federal payments to Western Europe are expected to be 41 percent of the total in 1963, but 44 percent of the total in 1965, despite a drop in the absolute amount of such payments.

DISTRIBUTION OF INTERNATIONAL TRANSACTIONS OF THE
FEDERAL GOVERNMENT, BY AREA

(Fiscal years. In millions)

	<u>1963</u> <u>estimate</u>	<u>1964</u> <u>estimate</u>	<u>1965</u> <u>estimate</u>
<u>Payments</u>			
Western Europe (including international organizations located there).....	\$2,074	\$2,009	\$1,895
Other countries.....	2,498	2,201	1,973
Other international organizations and undistributed.....	470	438	477
Total.....	<u>5,043</u>	<u>4,648</u>	<u>4,345</u>
<u>Receipts</u>			
Western Europe (including international organizations located there).....	2,955	1,908	2,065
Excluding special transactions.....	(1,150)	(928)	(1,315)
Other countries.....	885	1,101	1,045
Other international organizations and undistributed.....	27	38	35
Total.....	<u>3,867</u>	<u>3,048</u>	<u>3,144</u>

The \$1 billion drop in receipts from Western Europe between 1963 and 1964 is largely explained by special transactions, all of which are with Western Europe. In 1965, the increase in regular receipts from Western Europe is expected to more than offset the further decline in special transactions.

Validity of estimates.

While a number of problems of a statistical nature remain, annual estimates are much more reliable than was the case last year. In the past, both receipts and payments tended to be somewhat underestimated. On the payments side, the estimates for fiscal year 1963 have increased by 2 percent with each quarterly report. For 1964, however, the latest estimate shows a slight decline from the earlier figure. Estimates for receipts have also increased from one report to the next, with increases ranging from a low of 2 percent to a high of 17 percent.

The June gold budget submissions included 1965 estimates for the first time. These estimates will be sharpened considerably for the September gold budget submissions since by that time agencies will have a clearer idea of what their regular budgets will contain. The estimates of receipts

tend to be less reliable than expenditure estimates, since many of the receipts involve large and discrete amounts, as well as special transactions which are difficult to predict far in advance.

CHANGES IN GOLD BUDGET ESTIMATES

Fiscal years 1963 and 1964

(In millions)

	Fiscal year 1963, as reported in:					Fiscal year 1964, as reported in:		
	Dec.	March	Change	June	Change from March	March	June	Change
Payments.....	\$4,817	\$4,941	+\$124	\$5,043	+\$102	\$4,680	\$4,648	-\$32
Receipts <u>1</u> /...	3,220	3,781	+561	3,867	+86	2,933	3,048	+115
Excess of payments (-).	-1,597	-1,159	+438	-1,176	-17	-1,747	-1,600	+147

1/ Includes special transactions.

The experience to date with agency quarterly (as opposed to fiscal year) estimates has been less gratifying. Agencies can easily miss their quarterly estimates by considerable amounts because of small changes in the timing of transactions--changes which are not related to their efforts to reduce balance of payments costs. Since the work involved in producing these quarterly estimates is considerable, we are proposing to ask agencies for only semiannual data. However, we would continue our quarterly review of issues involving the Federal sector of the balance of payments.

Future gold budget procedure.

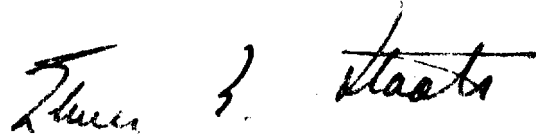
We are satisfied that the gold budget has been useful in limiting the adverse effect of Federal Government activities on the balance of payments. It has been an effective means of obtaining top management attention to the balance of payments problem. Moreover, the procedure, while not perfect, has been improved greatly.

At the same time, as this report indicates, we have now reached the point where any significant further savings will have to come about through major changes in agency programs. In view of the foregoing, we feel that more emphasis should be given to the program aspects of the gold budget and less to the more mechanical statistical aspects, particularly in light of the burden the statistical reporting imposes.

We expect, therefore, to limit the statistical gold budget submissions to two a year: one in September and one in March. These statistical submissions will be timed to provide as much coordination as possible between the gold budget and the regular budget submissions in the fall and preview submissions in the spring.

After the transitional report this September, we further expect to continue our quarterly reviews, but confine them to specific issues for the two quarters for which no statistical reports will be made. We also expect to acquire data only for semiannual time periods, rather than quarterly time periods as has been our practice. We expect to use the semiannual data as the basis for setting semiannual agency targets since, as indicated earlier, quarterly data are subject to short-run fluctuations which make analysis difficult. However, we will continue to place primary emphasis on fiscal year targets, using the semiannual targets primarily as a means of evaluating current progress.

Through these changes in the gold budget system we hope to sustain its usefulness as a means of encouraging agencies to do their best to help the balance of payments, while at the same time redirecting staff efforts towards those areas where the greatest results may be expected.

A handwritten signature in dark ink, appearing to read "Elmer B. Staats". The signature is written in a cursive, flowing style with some loops and flourishes.

Elmer B. Staats
Acting Director

SUMMARY TABLES

INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

ANNEX I.	Total by Agency	S-1
ANNEX II.	Changes from Original Agency Gold Budget Submissions.	S-4
ANNEX III.	Total by Area	S-5

NOTE: These tables reflect agency submissions and revisions made as a result of Bureau action, including reductions from the review of offices and missions abroad. Because of the different requirements for agencies reporting quarterly and agencies reporting annually, the following adjustments were made in Annex I (Agency estimates) for the purpose of comparability: (1) estimates were made in all columns for agencies reporting annually for the Oct.-Dec., Jan.-March, and April-June periods, (2) in the "Last estimate" columns for FY 1963 and FY 1964, the figures for agencies reporting annually represent a relisting of current estimates, and (3) in columns titled "Target" and "Last estimate", NASA figures represent a relisting of current estimates (since this is the first time NASA has reported on a quarterly basis).

ANNEX I
INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

(In millions of dollars)

	Oct.-Dec. 1962 final	Jan.-Mar. 1963			Apr.-June 1963		July-Sept. 1963 estimate (Target)	FY 1963		FY 1964		FY 1965 estimate
		Target	Last estimate	Prelim. actual	Target	Current estimate		Last estimate	Current estimate	Last estimate	Current estimate (Target)	
A. Payments by Agencies:												
1. Reporting Quarterly												
State	148.2	111.3	125.6	48.7	89.7	142.2	98.5	477.2	454.7	349.0	366.9	329.8
AID	148.5	158.6	152.9	151.2	159.1	193.8	166.3	648.4	668.6	573.5	510.5	410.1
USIA	10.0	10.7	10.3	10.3	10.2	9.7	10.2	39.7	39.4	44.8	40.9	46.5
Peace Corps	3.3	3.4	3.2	2.9	3.8	3.4	3.7	11.7	11.0	23.8	21.4	21.4
Export-Import Bank ..	-	-	-	-	-	-	-	-	-	-	3.5	3.4
Foreign Claims												
Settlement Commission	*	7.1	*	*	1.8	.1	.1	1.9	.2	48.3	23.3	20.1
Defense	733.8	651.0	644.2	663.2	637.4	667.6	695.4	2,665.6	2,733.0	2,603.9	2,662.4	2,484.0
AEC	59.1	65.6	73.6	65.0	46.9	55.0	39.9	243.7	243.8	136.9	139.8	92.9
NASA	1.1	1.6	1.6	1.6	2.5	2.5	3.1	6.2	6.2	13.0	12.6	11.0
Agriculture	3.3	3.4	3.8	3.4	3.9	3.7	4.0	14.4	13.8	16.4	16.4	20.2
Panama Canal	8.0	9.2	9.2	8.5	9.2	9.2	9.7	35.0	34.2	40.2	39.1	42.3
Interior .....	.8	5.8	2.4	1.0	10.7	1.1	1.3	19.9	3.8	22.3	9.5	5.5
HEW	30.0	31.9	30.8	30.5	31.7	36.3	30.1	121.4	125.8	132.3	129.0	141.5
VA	17.3	19.4	19.7	17.6	17.1	17.3	17.5	71.2	69.4	69.2	69.2	68.5
Commerce	2.7	5.4	2.8	3.4	3.9	3.8	3.0	12.1	12.8	18.9	16.7	14.3
Post Office	3.8	3.8	4.6	4.7	4.4	4.4	4.0	17.4	17.5	18.2	18.0	18.0
Treasury	147.8	101.1	121.6	127.3	139.2	182.8	105.8	517.1	570.4	533.3	533.4	584.2
2. Reporting Annually												
ABMC .....	)	)	)	)	)	)	.4	1.3	1.3	1.4	1.4	1.4
TVA .....	)	)	)	)	)	)	1.1	3.5	3.5	3.4	3.4	.2
Labor .....	)	)	)	)	)	)	.4	1.8	1.8	1.6	1.1	.5
Railroad Retire. Bd..	9.6)	9.6)	9.6)	9.6)	9.6)	9.6)	2.0	8.2	8.2	8.3	8.3	8.3
Justice .....	)	)	)	)	)	)	.5	2.8	2.8	2.1	2.0	1.5
GSA .....	)	)	)	)	)	)	1.8	9.6	9.6	7.4	7.4	7.4
CSC .....	)	)	)	)	)	)	1.9	7.4	7.4	7.5	7.5	7.5
NSF .....	)	)	)	)	)	)	1.1	3.6	3.6	4.6	4.5	5.0
Total payments	1,327.2	1,199.0	1,215.9	1,148.9	1,181.1	1,342.6	1,202.0	4,941.1	5,042.7	4,680.3	4,648.4	4,345.5

* Less than \$50,000.

ANNEX I
INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

(In millions of dollars)

	Oct.-Dec. 1962 final	Jan.-Mar. 1963			Apr.-June 1963		July-Sept. 1963 estimate (Target)	FY 1963		FY 1964		FY 1965 estimate
		Target	Last estimate	Prelim. actual	Target	Current estimate		Last estimate	Current estimate	Last estimate	Current estimate (Target)	
B. Receipts by Agencies:												
1. Reporting Quarterly												
State	5.1	2.7	2.7	2.9	2.9	3.9	3.3	11.1	14.8	11.5	13.7	17.6
AID	48.2	24.3	24.8	21.6	49.0	51.6	20.4	535.0	535.2	165.1	159.8	190.4
USIA .....	.1	.2	.1	.1	.1	.1	.1	.4	.4	.4	.4	.4
Peace Corps	-	-	-	-	-	-	-	-	-	-	-	-
Export-Import Bank ...	291.8	140.1	88.9	119.4	160.2	162.9	206.6	716.0	749.2	832.4	863.0	942.0
Foreign Claims Settlement Commission	-	-	-	-	-	-	-	-	-	-	-	-
Defense	527.5	219.3	238.1	214.1	234.9	247.0	145.1	1,240.0	1,275.0	985.0	1,000.0	1,000.0
AEC	1.4	2.7	3.2	4.4	2.9	2.6	.9	8.2	9.0	8.3	8.3	13.7
NASA	-	-	-	-	-	-	-	-	-	2.2	2.2	1.3
Agriculture	28.5	23.2	13.0	19.1	13.2	19.5	21.2	74.0	87.2	47.2	81.0	89.5
Panama Canal	14.4	15.4	14.7	14.6	15.5	14.9	15.2	59.6	58.9	63.5	60.9	62.7
Interior	*	*	-	-	*	-	*	*	*	*	*	*
HEW	-	-	-	.5	-	-	-	-	.5	-	-	-
VA .....	.1	.2	.2	.1	.2	.1	.1	.6	.6	.6	.5	.5
Commerce	2.7	3.2	1.3	3.3	3.0	3.3	4.3	8.4	10.7	15.5	20.7	16.9
Post Office	5.5	4.8	5.5	5.6	5.6	5.6	5.3	22.8	23.0	23.5	23.5	24.0
Treasury	408.6	31.2	451.0	455.9	156.2	185.9	219.7	1,101.5	1,099.0	774.0	809.9	781.5
2. Reporting Annually												
ABMC))))))	-	-	-	-	-	-
TVA .....	)	)	)	)	)	)	.1	.3	.3	.2	.2	-
Labor))))))	-	-	-	-	-	-
Railroad Retire. Bd. .	.9)	.9)	.9)	.9)	.9)	.9)	.1	.3	.3	.3	.3	.3
Justice .....	)	)	)	)	)	)	.2	.9	.9	1.6	1.6	.9
GSA .....	)	)	)	)	)	)	.2	2.2	2.2	1.8	1.8	2.6
CSC))))))	-	-	-	-	-	-
NSF))))))	-	-	-	-	-	-
Total, receipts by agency	1,335.0	468.0	844.4	862.6	644.6	698.3	642.8	3,781.3	3,867.1	2,933.2	3,047.9	3,144.3
Less special financing transactions (by FY) 1/								-1,805.0		-980.0		-750.0 2/
Net, regular receipts								2,062.1		2,067.9		2,394.3

Less than \$50,000.

1/Includes sales of medium-term non-marketable securities, advances on military exports, and non-scheduled receipts on loans.
2/Since receipts from special transactions are difficult to predict, this figure should be considered a rough estimate of general magnitude.

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ANNEX I
INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT

(In millions of dollars)

	Oct.-Dec. 1962	Jan.-Mar. 1963			Apr.-June 1963		July-Sept. 1963	FY 1963		FY 1964		FY 1965
	final	Target	Last estimate	Prelim. actual	Target	Current estimate	estimate (Target)	Last estimate	Current estimate	Last estimate	Current estimate (Target)	estimate
C. Net excess of Receipts or Payments (-):												
1. Reporting Quarterly												
State	-143.0	-108.6	-122.9	-45.8	-86.8	-138.3	-95.2	-466.0	-439.8	-337.5	-353.2	-312.2
AID	-100.3	-134.4	-128.1	-129.5	-110.1	-142.2	-145.9	-113.4	-133.4	-408.4	-350.7	-219.7
USIA	-9.9	-10.5	-10.1	-10.2	-10.1	-9.5	-10.1	-39.3	-39.0	-44.3	-40.5	-46.1
Peace Corps	-3.3	-3.4	-3.2	-2.9	-3.8	-3.4	-3.7	-11.7	-11.0	-23.8	-21.4	-21.4
Export-Import Bank ...	291.8	140.1	88.9	119.4	160.2	162.9	206.6	716.0	749.2	832.4	859.5	938.6
Foreign Claims												
Settlement Commission	—*	-7.1	—*	—*	-1.8	-.1	-.1	-1.9	-.2	-48.3	-23.3	-20.1
Defense	-206.3	-431.7	-406.1	-449.1	-402.5	-420.6	-550.3	-1,425.6	-1,458.0	-1,618.9	-1,662.4	-1,484.0
AEC	-57.6	-63.0	-70.3	-60.7	-44.1	-52.5	-39.0	-235.5	-234.8	-128.6	-131.5	-79.1
NASA	-1.1	-1.6	-1.6	-1.6	-2.5	-2.5	-3.1	-6.2	-6.2	-10.8	-10.4	-9.7
Agriculture	25.1	19.8	9.3	15.7	9.3	15.8	17.1	59.6	73.4	30.8	64.6	69.3
Panama Canal	6.4	6.2	5.5	6.1	6.3	5.8	5.5	24.6	24.7	23.3	21.8	20.4
Interior	-.8	-5.8	-2.4	-1.0	-10.7	-1.1	-1.3	-19.9	-3.7	-22.2	-9.4	-5.5
HEW	-30.0	-31.9	-30.8	-30.0	-31.7	-36.3	-30.1	-121.4	-125.3	-132.3	-129.0	-141.5
VA	-17.1	-19.2	-19.6	-17.5	-16.9	-17.2	-17.3	-70.5	-68.8	-68.6	-68.6	-67.9
Commerce .....	.1	-2.3	-1.5	-.1	-1.0	-.5	1.2	-3.7	-2.1	-3.4	4.0	2.6
Post Office	1.8	1.0	.9	1.0	1.2	1.2	1.3	5.4	5.5	5.3	5.4	6.0
Treasury	260.8	-70.0	329.3	328.6	17.0	3.1	113.9	584.4	528.5	240.7	276.4	197.2
2. Reporting Annually												
ABMC .....	)	)	)	)	)	)	-.4	-1.3	-1.3	-1.4	-1.4	-1.4
TVA .....	)	)	)	)	)	)	-1.1	-3.2	-3.2	-3.2	-3.2	-.2
Labor .....	)	)	)	)	)	)	-.4	-1.8	-1.8	-1.6	-1.1	-.5
Railroad Retire. Bd. .	-8.7)	-8.7)	-8.7)	-8.7)	-8.7)	-8.7)	-2.0	-8.0	-8.0	-8.0	-8.0	-8.0
Justice .....	)	)	)	)	)	)	-.2	-1.9	-1.9	-.4	-.4	-.6
GSA .....	)	)	)	)	)	)	-1.6	-7.4	-7.4	-5.6	-5.6	-4.8
CSC .....	)	)	)	)	)	)	-1.9	-7.4	-7.4	-7.5	-7.5	-7.5
NSF .....	)	)	)	)	)	)	-1.1	-3.6	-3.6	-4.6	-4.5	-5.0
Total net excess by agency	-7.7	-731.0	-371.4	-286.3	-536.7	-644.3	-559.2	-1,159.7	-1,175.6	-1,747.0	-1,600.5	-1,201.2
Less special financing transactions 1/								-1,805.0		-980.0	-750.0	2/
Net excess of payments from regular transactions								-2,980.6		-2,580.5	-1,951.2	

* Less than \$50,000.

1/Includes sales of medium-term non-marketable securities, advances on military exports, and non-scheduled receipts on loans.

2/Since receipts from special transactions are difficult to predict, this figure should be considered a rough estimate of general magnitude.

ANNEX II

CHANGES FROM ORIGINAL AGENCY GOLD BUDGET SUBMISSIONS
(In millions of dollars)

	Targets for FY 1964			Estimates for 1965		
	Agency estimate	Change	New target	Agency estimate	Change	New estimate
A. Payments by:						
State	424.5	-57.6	366.9	368.2	-38.3	329.8
<u>1/</u> AID	600.3	-89.8	510.5	554.1	-144.0	410.1
USIA	43.6	-2.7	40.9	48.8	-2.3	46.5
Export-Import Bank	-	+3.5	3.5	-	+3.4	3.4
Foreign Claims Settlement Commission	43.5	-20.2	23.3	22.3	-2.1	20.1
<u>1/</u> Defense	2,678.0	-15.6	2,662.4	2,661.0	-177.0	2,484.0
NASA	13.0	-.4	12.6	11.7	-.7	11.0
<u>2/</u> Interior	24.1	-14.7	9.5	22.6	-17.2	5.5
HEW	129.2	-.2	129.0	144.5	-3.0	141.5
VA	68.9	+.3	69.2	68.1	+.3	68.5
Treasury	533.6	-.1	533.4	584.5	-.3	584.2
Labor	1.6	-.5	1.1	1.4	-.9	.5
Justice	2.1	-.1	2.0	1.5	-.1	1.5
NSF	4.6	-.1	4.5	5.0	-.*	5.0
All other agencies	279.5	-	279.5	233.9	-	233.9
Total payments	4,846.5	-198.1	4,648.4	4,727.6	-382.2	4,345.5
B. Receipts by:						
Export-Import Bank	832.4	+30.6	863.0	722.2	+219.8	942.0
All other agencies	2,184.9	-	2,184.9	2,202.3	-	2,202.3
Total receipts	3,017.3	+30.6	3,047.9	2,924.5	+219.8	3,144.3
Net excess of payments (-) or receipts (+)	-1,829.2	+228.7	-1,600.5	-1,803.2	+602.0	-1,201.2

1/ Changes for AID and Defense were made primarily to reflect their goals as outlined in the President's July 18th balance of payments message (which had not been taken into account in their original submissions).

2/ Of which \$14.7 million in 1964 and \$17.2 million in 1965 were the result of reclassification of the Trust Territory of the Pacific Islands as the United States for purposes of the Gold Budget.

ANNEX III

INTERNATIONAL TRANSACTIONS OF THE FEDERAL GOVERNMENT - BY AREA

(In millions of dollars)

Description	FY 1963 estimate	FY 1964 estimate	FY 1965 estimate
<u>Payments to:</u>			
Western Europe	2,074.5	2,008.9	1,895.3
Japan	429.6	411.2	351.4
Canada	393.8	303.7	259.5
Other countries	1,674.2	1,486.5	1,362.5
Other international organizations	453.1	420.0	458.8
Undistributed <u>1/</u>	17.5	18.0	18.0
Total	5,042.7	4,648.4	4,345.5
<u>Receipts from:</u>			
Western Europe	2,955.2	1,908.3	2,064.7
Less special financing transactions <u>2/</u>	(1,805.0)	(980.0)	(750.0)
Western Europe excluding special financing transactions	(1,150.2)	(928.3)	(1,314.7)
Japan	115.8	114.2	135.7
Canada	145.9	24.3	24.9
Other countries	623.2	962.9	884.0
Other international organizations	4.1	14.7	10.9
Undistributed <u>1/</u>	23.0	23.5	24.0
Total	3,867.1	3,047.9	3,144.3
<u>Net excess of receipts or payments (-):</u>			
Western Europe	880.6	-100.6	169.4
Western Europe excluding special transactions ...	(-924.4)	(-1,080.6)	(-580.6)
Japan	-313.7	-297.0	-215.7
Canada	-247.9	-279.4	-234.5
Other countries	-1,051.0	-523.6	-478.5
Other international organizations	-449.0	-405.3	-447.9
Undistributed <u>1/</u>	5.5	5.4	6.0
Total	-1,175.6	-1,600.5	-1,201.2
Total net, less special transactions	(-2,980.6)	(-2,580.5)	(-1,951.2)

1/Post Office Department does not distribute its estimates by area.

2/All of which are with Western Europe.